DOCUMENT RESUME

ED 124 000 HE 007 807

AUTHOR Thompson, David M.
TITLE Approaching Foundations Thoughtfully.
PUB DATE 76
NOTE 8p.

EDRS PRICE MF-$0.83 HC-$1.67 Plus Postage.
DESCRIPTORS Awards; *Educational Finance; *Foundation Programs; *Higher Education; Incentive Grants; *Private Financial Support; Program Planning; *Technical Writing; Trusts (Financial); Tuition Grants

ABSTRACT

The potential of foundation support for educational grants is addressed in terms of expectancy based on past performance, types of foundations, and the foundation field (e.g., "general welfare"). Details are given briefly about community foundations, family foundations, business foundations, and foundation research. Procedures are outlined for dealing with foundations. It is emphasized that the survival of an organization cannot be dependent solely upon foundation support. Suggestions are offered for writing a proposal that clarifies what is proposed, why it is important, how much it will cost, etc. The actual drafting of a proposal for submission to a foundation should be one of the last phases of a continuing process of internal and external research, planning, cultivation and related advancement efforts. (LBH)

****
* Documents acquired by ERIC include many informal unpublished *
* materials not available from other sources. ERIC makes every effort *
* to obtain the best copy available. Nevertheless, items of marginal *
* reproducibility are often encountered and this affects the quality *
* of the microfiche and hardcopy reproductions ERIC makes available *
* via the ERIC Document Reproduction Service (EDRS). EDRS is not *
* responsible for the quality of the original document. Reproductions *
* supplied by EDRS are the best that can be made from the original. *
****

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

ED124000

APPROACHING FOUNDATIONS THOUGHTFULLY

By

David M. Thompson
Senior Executive Consultant
Frantzreb, Pray, Ferner and Thompson, Inc.

For those who have asked or plan to ask Foundations for grants, we believe it critical to put the potential of foundation support into perspective.

First, what is the expectancy from foundation support according to the records? In 1974, $21.15 billion was given by all resources to non-profit institutions and organizations. Of this amount 86.9 percent came from individuals; 4.7 percent from business firms and 8.4 percent from foundations. The reciepients of the $21.15 billion were: religion, which received 43.1 percent; health, 15.5 percent; education, 14.8 percent; social welfare, 9.3 percent; and arts/humanities, 5.1 percent.

Second, what kinds of foundations exist? There are several different kinds. These include the large, national general-purpose foundations, smaller general or special purpose foundations, community foundations, corporate foundations, family foundations, and grant receiving foundations such as those for research or institutional needs. The total number is estimated at between 25,000 and 30,000. We believe there are many more principally family foundations.

Third, study the foundation field to determine the most reasonable prospects for your support. It is important to be aware that 7 percent of the foundations account for approximately 90 percent of foundation giving. Only 33 foundations have more than $100 million in assets while over two thirds have less than $200,000 in assets. Most of these large foundations are considered "general-welfare" foundations.

Community Foundations

The sixteen largest community foundations with assets of $918 million gave $39 million in 1973. Growth in assets and in community impact in this particular area has been great in recent years.

Some 250 such foundations have $1.15 billion in assets and distributed about $60.0 million in 1973. Part of the increase is attributed to transfer of assets from private foundations. The largest of these community foundations is the New York Community Trust with market assets of over $200 million. Since these figures were reported, assets have declined in market value as reported widely in various media.

Community foundations differ from private foundations in that their charters usually require them to focus their giving within their local community. They try to make things happen, or help things happen, which couldn't or wouldn't be done without this kind of funding - flexible in amount, time and conditions. Grants cover a wide diversity of needs with over half going for

HE 007 807

social welfare and civic improvement. This group is not noted for generous support to higher education.

Family Foundations

These foundations are usually a legal device for individuals or families to accomplish their philanthropic goals through both current gifts and estate gifts. In approaching them for gifts, we suggest they be considered like a person and not a small bureaucracy. It is important to determine the decision-making donor or those who affect decisions rather than approaching the foundation per se as a prospect for support.

Over 100 personal foundations have been liquidated due to the requirements of the 1969 Tax Reform Bill. It is anticipated more will follow.

Business Foundations

A Corporate Foundation is primarily the legal device for a business firm to respond to grant requests in an organized way. Some have large assets to assure continuity of support. Most give all their allowable constributions away annually. Most corporate foundations are related to the upper strata of the Fortune 500 group. We encourage their serious consideration as prospects for grants.

The American foundation world is heterogeneous. Each foundation has its own story to tell - How it came into existence - its history of granting in certain fields as opposed to others - the method by which it reviews proposals - how it evaluates its own social effectiveness. People are behind the name of each foundation. People who can be reached and talked to. People who must be motivated and sold.

From what has been stated before in this paper we would state some conclusions already. First, foundation support by itself will never take care of the varying needs of all non-profit organizations. Second, no organization should build its financial resource requirements on possible foundation support. Third, foundation gifts might be looked upon as your most difficult gift to arrange or negotiate which is time-and-cost-consuming.

Foundation Research

In spite of this let us now consider how foundation gifts can be secured. As a service to prospective grantees and others, The Foundation Center with headquarters at 888 Seventh Avenue in New York and regional information collections in ten major cities, monitors and records foundation grants of $5,000 or more.

The result of this process is the publication "The Foundation Grants Index," which is published every other year. Listed in this volume are all grants in excess of $10,000 recorded by the Center during the two recent calendar years. Each entry gives the name and state of the granting foundation, the amount of the grant, the name of the recipient, and a brief description of the purpose

of the grant. This publication lists grants in seven broad subject fields, and 80 subcategories. In addition they publish the "Foundation Directory, Edition 5" which is the basic research text. This publication lists over 5,000 foundations, each of which has assets in excess of $500,000 and/or makes annual grants totalling $25,000 or more. Each entry is listed alphabetically by state, and contains the following information: name, address, date of founding, donor, purposes and activities, assets, number of grants, and most important the names of officers and trustees of the foundation.

Another indispensable publication is prepared by the Council on Foundations (same address), the bi-monthly "Foundation News." This journal contains interesting and timely articles on foundation matters. More important, however, each issue contains a special "Foundation Grants Index," a record of currently reported grants of $5,000 or more. This section serves as an update to the book, "The foundation Grants Index."

The Foundation Center also publishes the "Information Quarterly" which presents the latest available information including changes of address, purpose and activity, names of officers and trustees and financial data. This information comes directly from the foundations or the most recent returns from IRS. The Quarterly also includes abstracts of foundation annual reports available on film, a bibliographical service, and a feature entitled "Foundation Grants Data Bank," which consists of information on the availability of computer printouts of grant listings to fit individual profile interests according to grants made.

As a new service, the Center provides a custom search from their computer data bank. We have used it recently and found it most helpful.

Numerous other services are available from the Foundation Center in New York. We encourage writing to the Center asking for a complete list of available publications and services which we have very briefly described today. Since the Center is largely underwritten by foundation grants, all of this is available at very reasonable costs. Foundation donors, staff, and trustees will judge all educational organizations by your approach. Success must be carefully, thoughtfully engineered; reasonable, logical, appropriate, well done.

How to Proceed

Be sure that survival of your organization is not dependent solely upon foundation support. Foundations are not required to support your organization. Their support must be merited, sought, earned, then won. Be prepared to earn their support.

Once you decide on what you require funds for - capital, programs, special project, operations, etc. - and research has been done as to which foundations might be potential donors you must do what we find most difficult - write a proposal!

Under no circumstances appoint a Committee to draft the final proposal! It is quite useful to begin with initial drafts by the persons most intimately

concerned with utilization of the funds requested. Just as it is helpful to obtain input from the business officer as to projected costs and budgets.

The final product, however should be the work of one person. If the project director or end-user of the funds requested can write well, that person can draft the final version, subject to review of senior staff or the president.

A proposal prepared by one person is far more likely to enjoy consistency of style, language and meaning, let alone clarity, conciseness and focus.

The latter three characteristics are critical. Foundation staff and trustees always overwhelmed in the past by a plentitude of proposals and supporting documentation, are now being deluged by a swelling tide of urgent requests for funding by vast numbers of organizations that have lost their federal support in mid-stream.

Thus drafters of any proposal must make a point of making clear just what is proposed, why it is important, how much it will cost, etc. in direct language, with any unrelated and redundant materials edited out.

If project directors and end-users are incapable of acceptable initial and even good final drafts, the services of an experienced, professional writer for final editing may well be required.

It is most important to avoid submitting requests that are clearly inappropriate. At once this indicates to the receiving foundation that the institution has not done its research homework and thus reduces the likelihood of serious consideration of any appropriate proposals by the institution later.

In cases where the foundation's giving policy is unknown, unclear, or in transition (as is the present case with many), contact the appropriate staff first by phone to obtain the latest information and guidance. All concerned will appreciate this common sense action, which is all too often not taken.

In any case, obtain the foundation's guidelines or list of requirements for proposals when they exist. If they do not exist, follow whatever procedures are included in the foundation's latest report. If no report is published or not available, request an appropriate officer to indicate what steps are necessary or preferred. (Hints on these matters, as well as fairly recent dates, names of senior officers and trustees can be found in the resources cited herein.) Better yet conduct some research at one of the Center's regional offices. Documentation of your tax exempt status, etc., will always be essential, whether specified or not by the foundation.

Preparing the Proposal

Assuming that the above determinations have been made, preparation of the draft proposal should proceed as follows:

1. Prepare a precis or summary of the proposal if the foundation staff suggests or if the regulations for submitting proposals call for submission of such a preliminary document. Such a precis should include in condensed language the following:

a. The nature and significance of the national, regional, local, institutional, social, human, historic, quality-of-life, need or potential is to be the focus of the project.

b. Why the requesting institution, agency, group or individual judges it (or he or she) can help resolve the problem, add new knowledge, meet the need, or realize the potential being sought.

c. What is specifically to be accomplished, how and by whom and at what costs over what period of time.

d. What experience and existing resources are available.

e. What additional resources are required.

f. How the funds requested are to be expended.

g. How the project results are to be evaluated and reported to donors.

h. The general budget in summary form.

i. Who are associated with the organization, staff or trustees, donors or sponsors who serve to authenticate the request for funds.

2. A covering letter should be prepared, hopefully in response to some advance expression of interest by the foundation made during the cultivation process (which should be continuous and systematic), indicating that the requestor is responding to such an interest.

This letter should include a specific request for preliminary consideration of the proposal, leading to the submission of a more detailed document and budget. It should also include the assurance of other funds from whatever sources and a list of other prospects to whom the proposal has been or is about to be submitted.

It is both discourteous and counterproductive to submit multiple proposals to foundations without informing each of what has been done or is in process. The foundation world consists of people who talk to one another and who check the activities, interests, and programs of others.

The covering letter for a precis should of course offer to submit a more detailed document and full budget upon indication of interest by the foundation.

3. In case the foundation prospect does not wish to review a summary or has indicated it prefers to consider a detailed proposal, the letter should be drafted with expanded and documented coverage of the topice outlined above, including a detailed budget, biographies of key personnel, lists or relevant literature, accomplishments, needs, etc.

If appropriate, the fully documented paper should also have a covering letter asking for a specific sum of money over a given period of time to support the specific undertaking and offer to provide additional information the foundation may need in its consideration of the proposal.

4. Detailed data, such as biographies, budgets, state-related statistics, outline of the evaluation methods, etc. can be appended so that the reader's attention can be riveted to the key factors involved.

5. Particular attention should be paid the follcwing generic considerations:

a. Carefully checking that no other resource systems or persons are dealing with the proposal's subject matter, or at least not doing as well or that the problem is so enormous and complex that multiple efforts are both essential and promising. The Foundation will want to avoid undue duplication and waste of scarce resources.

b. Make certain that the requesting institution group or person, etc. is capable of successfully dealing with whatever issue (s) are at stake.

c. Follow the guidance of foundation staff and avoid trying to end run around the staff person of the larger foundations by going through a trustee or a friend. (However, you can often help make bust use of the relations already established with trustees and other influential persons particularly with smaller foundations or those without professional staff.)

d. Specify how the results (if any, good or bad) are to be documented and evaluated.

e. Include a detailed budget and time limit.

f. Exercise caution in seeking "seed money" for initiating a project or using the ploy of furnishing a model or example for others and the larger society. Seed money grants imply possible future obligations of the foundation.

Foundations are increasingly skeptical about furnishing more seed money as the long-term returns of many philanthropic investments have been meagre. Similarly, foundations that have been delighted with the results of demonstration projects, usually become disillusioned with such grants, because attempts to transfer the model to other less enthusiastic and less motivated groups in different settings has proven unsuccessful.

g. Above all, follow the old cliche held by fund-raisers: be sure the proposal, need, or issue is bigger than the organization, agency or individual.

h. Finally, exercise great care in research and planning so that the best match of project vis-a-vis the prospect can be assured.

In sum, it should be noted that the actual drafting of a proposal for submission to a foundation (or any prospect) should be one of the last phases of a continuing process of internal and external research, planning, cultivation and related advancement efforts.

As in the case of any otherfund-raising activity, a rational systematic and thoroughly professional program is the only one holding promise of success. Foundations are no more likely to respond favorably to stone-cold, one shot, and ad hoc approaches than any other prospect.

We encourage each organization to consider foundation support realistically before spending limited time or dollar resources in blind belief that foundations per se will solve all financial resource problems. It is hard, difficult and time consuming yet foundations can make a difference. Be prepared. Expect disappointments. Expect success. Good luck.